

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:372
ANSWERED ON:16.12.2002
LOSS TO PENSION FUND OF AIR INDIA
S. AJAYA KUMAR

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Air India employees self contributory pension fund has been depleted;
- (b) if so, the reasons therefor;
- (c) whether any changes were made in the scheme adverse to the interest of the employees;
- (d) if so, whether the employees have moved the court against the Air India management;
- (e) if so, whether the Government have fixed any responsibilities for losses and mismanagement of the scheme; and
- (f) if so, the action taken by the Government in this regard?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a),(b),(c),(d),(e)&(f): A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO PART (A),(B), (C), (D), (E) & (F) OF LOKSABHA STARRED QUESTION NO. 372 FOR 16.12.2002 REGARDING LOSS TO PENSION FUND OF AIR INDIA.

(a), (b), (c), (d), (e) & (f) : Air India Employees Self Contributory Superannuation Pension Scheme is administered by a trust which comprises of representatives of employees and management of Air India. Member employees, while in service, contribute a portion of their salary every month to this scheme. The scheme envisages a regular pension to the retired employees depending upon length of their service. The scheme is self contributory without any financial support from Air India management.

On a review following the request of serving employees for a fair and equitable distribution of the funds of the trust which were contributed by them, it was observed by the trust that enough funds would not be available for giving the benefits to the existing employees on their retirement due to much higher pay out to the early retirees as compared to their contributions. Therefore, the trustees decided to change the nature of the scheme from "benefit defined" to "contribution defined" meaning thereby that the benefit received by each member will not be defined with reference to the last drawn salary of the member as earlier but will be commensurate with the actual contributions made by him together with the interest earned thereon. This will ensure that the contributions made by individual members are not diverted towards benefits for other members and that each member will at least receive pension to the extent of interest earning on their total contributions. The trustees have also decided to hand over the corpus of the Trust to Life Insurance Corporation of India, who will henceforth manage the scheme. The existing retired employees will have to either accept pensions at the lower rate in accordance with their contributions or to contribute to the trust fund an amount equal to the difference between their total contributions and the benefits being received by them.

The retired employees of Air India have filed a writ petition in Mumbai High Court against the trust and others. The matter is still sub-judice.